



INTRODUCTION TO THE BALTIC STATES

BUSINESS SWEDEN

July 2018

Baltic States Unit



AGENDA

- ▶ Introduction to the Baltic states
- ▶ Business Sweden



BALTIC STATES – HOME MARKETS AND GLOBAL SUPPLY CHAIN POINTS FOR MANY SWEDISH COMPANIES



Members of NATO
since 2004



Members of EU
since 2004



Eurozone members
since:
Estonia – 2011
Latvia – 2014
Lithuania – 2015

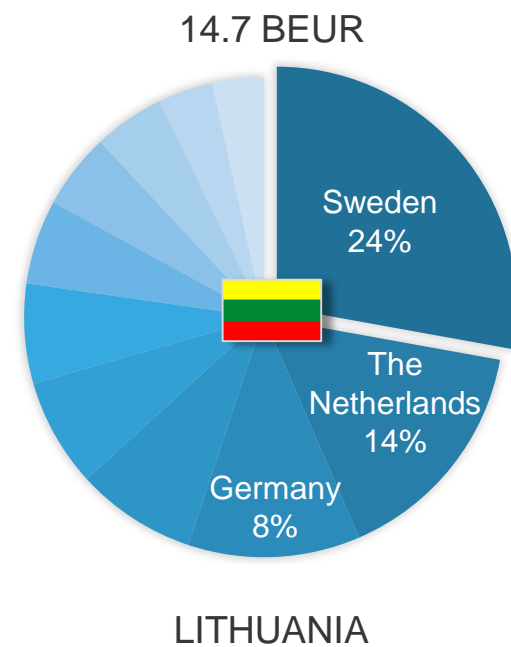
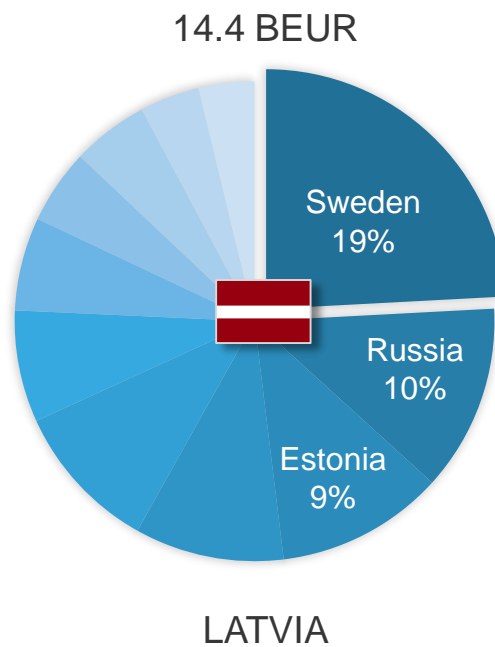
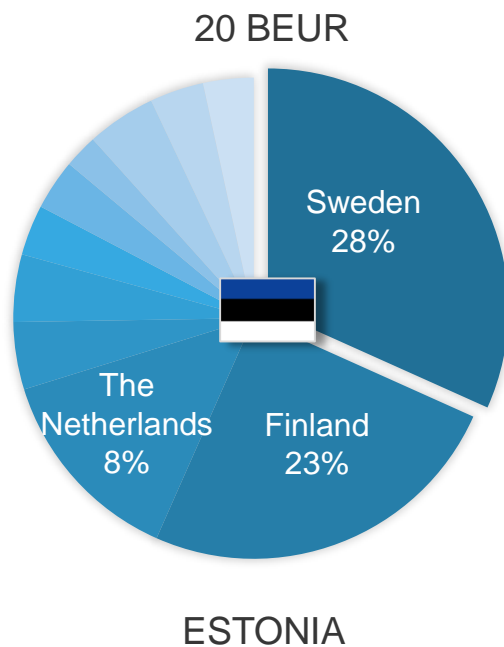
2017 key indicators	Estonia	Latvia	Lithuania
GDP per capita, thousands €	17.5	13.9	14.8
GDP growth, % 2017	4.8	4.5	3.8
Population, millions	1.3	1.9	2.8
Capital city	Tallinn	Riga	Vilnius

Swedish trade and investments	Estonia	Latvia	Lithuania
Accumulated FDI from Sweden, share	28%	19%	24%
Swedish capital companies, no.	~2200	~800	~200
Sweden's export of goods, bSEK, 2017	11.0 (0.8%)	3.8 (0.3%)	8.3 (0.6%)
Sweden's import of goods, bSEK, 2017	15.5 (1.2%)	6.9 (0.5%)	11.8 (0.9%)

SOURCE: STATISTICS ESTONIA, LATVIA, LITHUANIA, BANK OF LATVIA, EUROSTAT, EU COMMISSION

SWEDEN IS THE LARGEST INVESTOR IN THE BALTIC STATES

ACCUMULATED FOREIGN DIRECT INVESTMENT AND SHARE, 2017
















































SOURCE: BANK OF LATVIA, BANK OF LITHUANIA, INVEST IN ESTONIA 2018



OVER 2000 SWEDISH COMPANIES HAVE LOCAL ESTABLISHMENT IN THE BALTIC STATES

- SEVERAL EXAMPLES IN THE TABLE BELOW

Major business activities	Local production activities	Shared service centres / BPO's / delivery centers	Other large companies present in the Baltics
▶ ABB 	▶ ABB 	▶ Evolution Gaming 	▶ Alfa Laval
▶ Albert Bonnier 	▶ AQ Group 	▶ Flygpoolen / UVET 	▶ Assa Abloy
▶ Bergvik Skog 	▶ Dinair Group 	▶ SEB 	▶ Atlas Copco
▶ H&M 	▶ Ericsson 	▶ Paroc 	▶ BB Tools
▶ Handelsbanken 	▶ IKEA 	▶ Skandia 	▶ Electrolux
▶ ICA 	▶ ITAB Shop Concept 	▶ Stora Enso 	▶ Marginalen
▶ Lantmännen 	▶ Halmstads Gummif. 	▶ Swedbank 	▶ SAS
▶ Quant 	▶ Lesjöfors springs 	▶ TaxiKurir 	▶ SCA
▶ Scania 	▶ Ragn-Sells 	▶ Tele2 SSC 	▶ Securitas
▶ SEB 	▶ Santa Maria 	▶ Transcom 	▶ SKF
▶ Stena Line 	▶ Sapa 	▶ Webhelp Scand. 	▶ Sweco
▶ Swedbank 	▶ Systemair 	▶ Intrum 	
▶ Tele2 	▶ Swegmark 	▶ Acando IT 	
▶ Telia 	▶ Stoneridge Electronics 	▶ Ebeka 	
▶ Volvo Trucks 	▶ Trelleborg 	▶ ABB 	

Flags mark presence in:

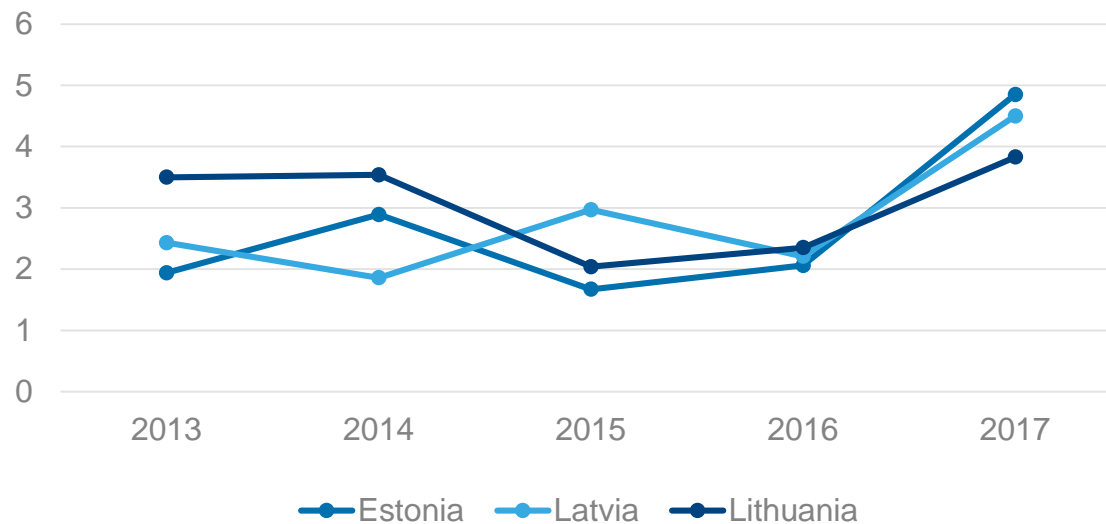
 Estonia

 Latvia

 Lithuania

STABLE ECONOMIC GROWTH AND HIGH RANKING IN EASE OF DOING BUSINESS

GDP GROWTH 2013-2017



EASE OF DOING BUSINESS

Position	Country
1.	New Zealand
2.	Singapore
3.	Denmark
<hr style="border-top: 1px dashed black;"/>	
10.	Sweden
12.	Estonia
16.	Lithuania
19.	Latvia

SOURCE: STATISTA 2018; THE WORLD BANK ECONOMY RANKING, 2017

ANNUAL SWEDISH GOODS EXPORT TO BALTIC STATES IS APPROX. 23 BSEK AND IMPORT APPROX. 34 BSEK

SWEDEN'S MOST IMPORTANT TRADE PARTNERS FOR GOODS, 2017

#	Country	Exports (BSEK)	Share of total exports (%)
1.	Germany	142.9	11.0
2.	Norway	133.3	10.0
3.	Finland	90.3	6.9
4.	United States	90.0	6.9
5.	Denmark	89.5	6.9
6.	United Kingdom	81.2	6.2
7.	Netherlands	71.2	5.5
8.	China	58.5	4.5
9.	Belgium	57.2	4.4
10.	France	54.8	4.2
11.	Poland	39.8	3.0
12.	Italy	35.2	2.7
13.	Spain	25.1	1.9
14.	Baltic States	23.0	1.8
15.	Japan	19.5	1.5
16.	Russia	18.7	1.4

#	Country	Imports (BSEK)	Share of total imports (%)
1.	Germany	247.2	19
2.	Netherlands	117.3	8.9
3.	Norway	100.5	7.6
4.	Denmark	94.8	7.2
5.	China	71.8	5.5
6.	United Kingdom	67.7	5.2
7.	Belgium	64.6	4.9
8.	Finland	61.8	4.7
9.	France	51.6	3.9
10.	Poland	51.1	3.9
11.	Italy	43.0	3.3
12.	Russia	38.3	2.9
13.	Baltic States	34.2	2.6
14.	United States	32.6	2.5
15.	Czech Republic	19.1	1.5
16.	Spain	18.5	1.4

SOURCE: KOMMERSKOLLEGIUM, BUSINESS SWEDEN

MANUFACTURED GOODS AND ARTICLES STAND FOR MAJORITY OF TRADE BETWEEN SWEDEN AND BALTICS

SWEDISH EXPORT OF GOODS TO THE BALTIC STATES BSEK, 2017

	Estonia	Latvia	Lithuania	Total
Total:	11	3.7	8.3	23
Food, beverages	0.65 (6%)	0.61 (16%)	2.4 (29%)	3.7 (16%)
Crude materials and fuels	0.61 (5%)	0.21 (6%)	1.2 (14%)	2 (9%)
Manufactured goods and articles, chemicals	9.1 (83%)	2.6 (70%)	4.5 (54%)	16.2 (70%)
Other	0.64 (6%)	0,28 (8%)	0,2 (3%)	1,12 (5%)

Main manufactured export goods to Estonia are transport equipment (28%) and machinery & apparatus (24%). Machinery and apparatus stands for 20% export to Latvia and 14% to Lithuania.

SWEDISH IMPORT OF GOODS FROM THE BALTIC STATES BSEK, 2017

	Estonia	Latvia	Lithuania	Total
Total:	15.5	6.9	11.8	34.2
Food, beverages	0.55 (4%)	0.3 (4%)	1.2 (10%)	2,1 (6%)
Crude materials and fuels	1.1 (7%)	1.7 (25%)	0.17 (2%)	3 (9%)
Manufactured goods and articles, chemicals	12.2 (79%)	3.9 (57%)	9.1 (77%)	25.2 (74%)
Other	1,65 (10%)	1 (14%)	1,33 (11%)	3,9 (11%)

Swedish import of finished and semi-finished machinery and apparatus from Baltic states stands for 3% of total Swedish import in this category, close to 9,4 BSEK. Majority is being imported from Estonia (6.6 BSEK), Lithuania (2.3 BSEK) and Latvia (0.5 BSEK).



FAVOURABLE TAX SYSTEMS AND LABOUR COSTS

MAIN TAXES SNAPSHOT IN THE BALTICS, 2018

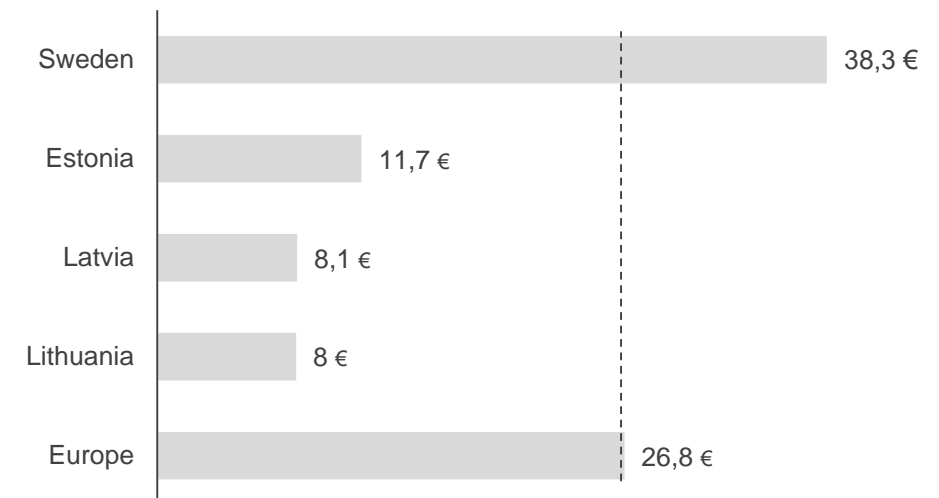
Taxes	Estonia	Latvia	Lithuania
Corporate*	0% or 20%	20%	5% or 15%
Standard VAT	20%	21%	21%
Dividends (withholding)**	0%	10%	15%
Personal Income	20%	20%, 23%, 31,4%***	15%
Social security (employee's share)	3,6%	11%	9%
Social security (employer's share)	33,8%	24,09%	31,18%

* Only distributed profits in all forms are taxable in Estonia; Small companies can apply a reduced CIT rate of 5% in Lithuania.

** 0% rate to EU and other EEA countries, different rates may apply to other countries

*** Latvia applies progressive personal income tax rates from Jan 1, 2018

AVERAGE HOURLY LABOUR COSTS, 2017



* Whole economy (excluding agriculture and public administration); in enterprises with 10 or more employees. Provisional data.

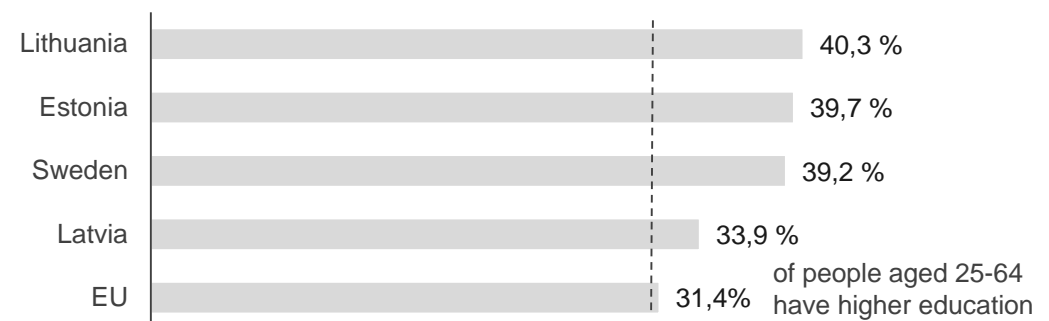
BALTIC STATES OFFER EDUCATED LABOUR, DEVELOPED IT INFRASTRUCTURE AND INVESTMENT INCENTIVES

ENGLISH PROFICIENCY ON OR ABOVE EU AVERAGE



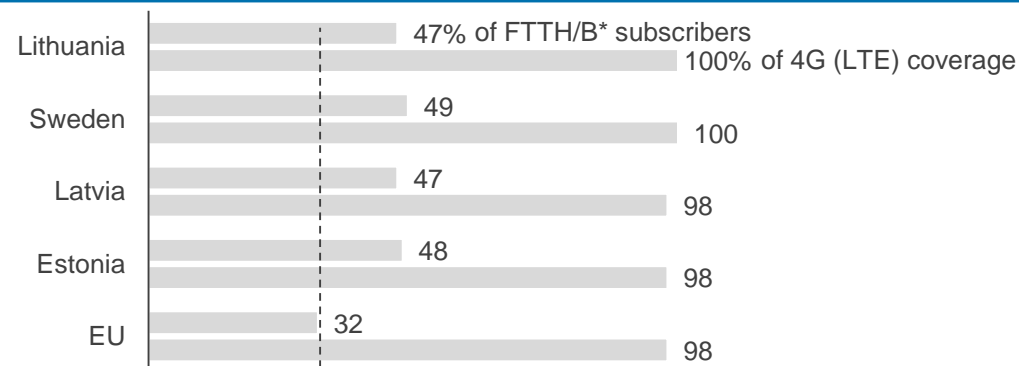
SOURCE: EF ENGLISH PROFICIENCY INDEX 2017 *(EUROPE; LITHUANIA; SWEDEN)
EF ENGLISH PROFICIENCY INDEX 2015 *(ESTONIA; LATVIA)

HIGH LEVEL OF HIGHER EDUCATION ATTAINMENT



SOURCE: EUROSTAT, 2017

EASY ACCESS TO FAST INTERNET CONNECTIONS



*FTTH/B – Fibre to the Home/Building – broadband network using optical fibre to provide telecommunications

SOURCE: FIBRE TO THE HOME COUNCIL, 2017 SEPTEMBER;
EUROPEAN COMMISSION: BROADBAND COVERAGE IN EUROPE, 2017

INVESTMENT INCENTIVES

- ▶ Special economic zones (SEZ) with tax rebate on real estate, corporate income tax, withholding tax for dividends.
- ▶ HR training co-funding programme
- ▶ R&D co-funding programme
- ▶ Attention and support from local municipalities

SOURCE: MINISTRIES OF ECONOMY, 2018



BUSINESS OPPORTUNITIES IN VARIOUS SECTORS

PRODUCTION SOURCING



The Baltic states have traditions in several industrial sectors, talent pool, infrastructure and experience with both Western and Eastern markets.

- ▶ Mechanical engineering
- ▶ Wood processing
- ▶ Electronics
- ▶ Textile processing
- ▶ Food processing
- ▶ Construction services

ICT / SHARED SERVICES



Good mix of accessibility, language skills, IT infrastructure, education level, closeness to Swedish business culture and attractive cost levels offer business opportunities within:

- ▶ Customer support centres
- ▶ Financial and accounting centres
- ▶ ICT development, maintenance, testing
- ▶ Other global business services
- ▶ Gaming industry

RAIL BALTICA



Rail Baltica - a greenfield rail transport infrastructure project which is being developed and is planned to be constructed by 2026 with a goal to integrate the Baltic States in the European rail network.

The railway will connect Tallinn, Pärnu, Riga, Panevežys, Kaunas and lead to Poland / Lithuania border:

- ▶ 870 km (213 EE, 265 LV, 392 LT)
- ▶ Powered by electricity
- ▶ European gauge 1435mm
- ▶ Passenger and cargo transport
- ▶ Total investment ~5.8 BEUR

ENERGY / CLEANTECH



- ▶ Energy efficiency in public and private buildings
- ▶ Expanding energy generation from renewable sources
- ▶ Waste management

SECURITY AND DEFENSE



- ▶ Baltic states have sharply increased investments and target 2% defense expenditure of GDP in 2018 and onwards
- ▶ Baltic governments plan investments in national defense and security

AGENDA

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OUR MISSION

GROWING SWEDEN THROUGH INCREASED INTERNATIONALIZATION

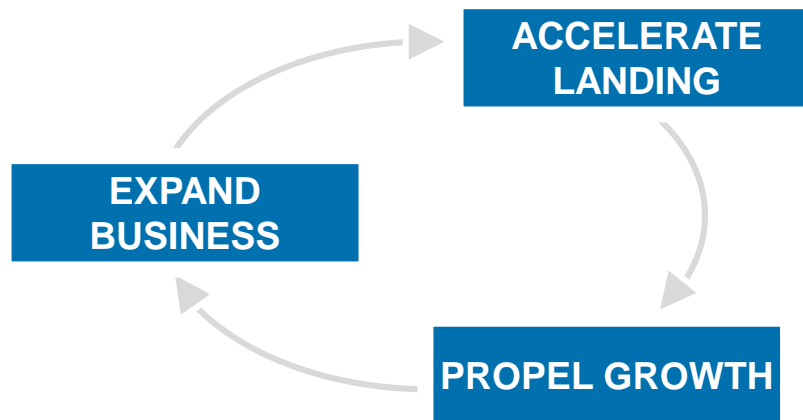
BUSINESS SWEDEN HELPS SWEDISH COMPANIES REACH THEIR FULL INTERNATIONAL POTENTIAL

WE SUPPORT MARKET ENTRY AND GROWTH

Business Sweden shortens time to market, finds new revenue streams, and manages risks

PRIVATE SECTOR INSIGHTS AND GOVERNMENT ACCESS

Business Sweden combines consultative approach and government access in a unique way



We are experts on local markets, industry and business logics, as well as internationalization strategies



OUR TEAMS ARE INTERNATIONAL GROWTH EXPERTS WITH EXPERIENCE FROM CONSULTING AND INDUSTRY



BUSINESS SWEDEN SERVICES

MARKET EXPANSION

- Global Footprint
- Market Entry
- Product & Customer Mix
- Sales Channel Set-up
- M&A and Alliances



SALES ACCELERATION

- Interim BD & Sales Execution
- Partner Search & Selection
- Customer Search
- Sales & Partner Management
- Mega Deals (Tender Support)



PUBLIC AFFAIRS

- Issue & Stakeholder Analysis
- Strategic Messaging & Communication
- Stakeholder Engagement



BUSINESS INCUBATION & OPERATIONS

- Registrations & Incorporations
- Talent Acquisition / Recruiting
- Local Employment
- Finance and HR Back Office



BUSINESS SWEDEN CAN PROVIDE SUPPORT TO YOU IN MOST ASPECTS OF GROWTH



WE HELP SWEDISH COMPANIES TO GROW GLOBAL SALES AND INTERNATIONAL COMPANIES TO INVEST IN SWEDEN

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